

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 10/11/2025

Subject: Extension and Variation of the Repairs and Maintenance South Area Contract

Report of: Councillor Frances Umeh, Cabinet Member for Housing and Homelessness

Report author: Gavin Duncumb, Senior Commercial and Contracts Manager – Economy Repairs

Responsible Director: Sukvinder Kalsi, Executive Director Finance and Commercial

SUMMARY

This report seeks approval to extend and vary the Repairs and Maintenance South Area Contract (the “Contract”) with the Incumbent Supplier, identified in appendix 1 for two years (until 2027) for the provision of reactive repairs and void works within housing properties owned by London Borough of Hammersmith and Fulham Council (the “Council”). The value of the extension is identified in appendix 1. In addition, this report seeks approval to vary the current contract approval for the value identified in appendix 1 to allow for the cost of this extension as well as match the projected spend to 31st July 2025.

The current Contract is for a total period of seven-year and commenced on Saturday 1 August 2020, this term includes two-year extension option after year 5.

The Council is currently seeking approval for its long-term procurement strategy for its successor contract for which the new contract start date is estimated to commence in August 2027, and this extension and variation will ensure arrangements continue in place to deliver repair and voids works.

RECOMMENDATIONS

1. To note that Appendix 1 and Appendix 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the extension of the Contract for two years from Friday, 1 August 2025 until Friday, 30 July 2027 to provide suitable qualified, skilled labour, and materials necessary in providing responsive repairs, voids works and planned component replacements within Housing owned properties located in the London Borough of Hammersmith and Fulham (LBHF).

3. To note that the existing Contract allows for this extension provision.
4. To approve a variation to the Contract Value in Appendix 1.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	The supplier is committed to social value outcomes such as local employment; community engagement and local supply chain spend which will stimulate the local economy and build shared prosperity for the local community.
Creating a compassionate council	Maintenance, voids and component replacements ensure that our social housing properties provide great homes for our residents.
Doing things with local residents, not to them	The Contract requires high standards of communication with residents in its duration.
Being ruthlessly financially efficient	The Contract is demand led, and the Council has made great improvements within its Repair Service. Void refurbishment works also allow the Council to re-let its properties to reduce the impact of homelessness. Insert here other items.
Taking pride in H&F	The Council is committed to a continuous effort to provide tenants with homes that are safe and well managed.
Rising to the challenge of the climate and ecological emergency	The existing specification and void lettable standard will be compliant with the latest Building Regulations. Component replacements, such as windows, roofs and flooring will include for upgrading insulation to improve thermal efficiency. Electric vehicle transport for Mears is moving towards hybrid and full electric fleet.

Financial Impact

This report seeks approval to extend the contract with the Incumbent Supplier for the provision of reactive repairs and void works for two years from August 2025 to end of July 2027.

The cost of the two-year extension and variation is included in appendix 1, a proportion of which is for additional works in the event that other contracted suppliers providing similar work lack capacity to deliver fully. This provision, if utilised, will be funded from other supplier underspends against approved capital and revenue budgets managed by the Repairs division.

Based on surveys carried out by and the professional opinion of the Repairs service, an estimated 39% of responsive works and 92% of void works will be capitalisable.

An estimate of the revenue spend for the two-year extension and variation is included in appendix 1 against the annual budget, which is sufficient to fund the expected revenue costs.

In February 2025, Cabinet approved a capital budget for spend on void works and responsive capital works across financial years 2025/26 to 2027/28, which is sufficient to cover the estimated capital component of the cost of works in this report.

The estimated capitalisation ratio will be dependent on the actual nature of the works, therefore there is a risk that a higher proportion of costs than expected will fall to revenue. Finance officers will work closely with the service to ensure that the volume of works are carefully managed within the approved budget envelopes.

Further details which complement this financial impact are included in appendix 1.

Mark Collins, Principal Accountant (HRA Revenue) and Anjeli Chadha, Principal Accountant – Housing Capital, 4th July 2025 and Danny Rochford, Head of Finance (Housing), 7th July 2025

Verified by: Andre Mark, Head of Finance (Strategic Planning and Investment), 20th August 2025

Legal Implications

The Council has a statutory duty to keep its tenanted housing stock in repair under the Landlord and Tenant Act 1985.

The Contract with the Incumbent Supplier is a public works contract under the Public Contracts Regulations 2015 and therefore any extension needs to fall within one of the cases set out in regulation 72. (Since the contract was entered into before the Procurement Act 2023 came into force, the 2015 regulations apply).

The extension of the contract falls within regulations 72(1)(a) which allows for modifications where “the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses”. The extension was provided for in the original contract and is therefore compliant with the regulations.

Under the Council’s Contract Standing Orders (CSOs), an extension can be approved where the award of Contract decision referred to provision for a Contract

extension and the Contract terms made explicit provision for an extension. This is the position here, so the proposed extension complies with the CSOs.

This is a key decision under the Council's constitution and needs to be included in the key decision list on the Council's website.

John Sharland, Special Projects Lawyer, 24th June 2025

Verified by Glen Egan, Assistant Director of Legal Services, 4th August 2025

Procurement Comments

The contract has the option to extend built into the original agreement, and any modification must be in line with the requirements of Regulation 72 (Modification of Contracts During their Term) of the Public Contracts Regulations 2015 and the Council's CSOs.

All associated details and documents must be attached to the contract on the capitalEsourcing eProcurement portal, and all applicable legal notices must be published within their legislated deadlines.

Chris Everett, Category Lead – Procurement and Commercial, 7th August 2025

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Background

1. The Council's Repairs Service has 2 large dedicated general repairs contracts and its own Direct Labour Organisation (DLO) that deal with maintenance and void works for our social housing properties.
2. The Contract with the Incumbent Supplier serves Lot 3 south of the borough and was initially procured in 2019 to 2020. The Contract commenced on Saturday 1 August 2020 for an initial period of five years with the option to extend for a further two years.
3. The estimated initial contract value is included in Appendix 1. This Contract was mobilised during the Coronavirus (COVID-19) pandemic lockdown and there has been a significant increase in cost across the construction sector. In addition, the war in Ukraine and United Kingdom's exit from the European Union have also impacted materials and supply chain costs.
4. The Incumbent Supplier has also acted as a backup contractor in Lot 1 and 2 (north and middle of the borough) which were mutually terminated early.

Reasons for Decision

5. The Council, as a landlord, has an obligation to comply with its obligations under the Landlord and Tenant Act 1985.
6. The initial term of this Contract will expire on Thursday 31 of July 2025. The Contract allows for a two-year extension. The Incumbent Supplier has delivered a good level of service to date for the Council and has provided support whilst the Council re-procured its repair and void contracts that serve Lot 1 and 2 (north and middle of the borough). On this basis, this report seeks approval to extend and vary the contract by 24 months to Friday, 30 July 2027 which will maintain the services and works for Lot 3 south of the borough.

Contract Specifications Summary

7. The Contract delivers the following workstreams;
 - a. Out of hours service;
 - b. Responsive day to day repairs;
 - c. Planned repairs;
 - d. Communal repairs;
 - e. Void works; and
 - f. Kitchen and bathroom replacements.
8. The Contract price model includes the following:
 - a. Site preliminaries and overheads;
 - b. Percentage on cost for central office overheads;
 - c. Price Per Property (PPP) – Covering internal day to day repairs. This is a set price that is paid 1/12th.
 - d. Price Per Void (PPV) – A set price for void refurbishment up to a financial limit. Works specified in excess of this financial limit are then recovered by Schedule of Rate (SOR).
 - e. SORs for all other works using the M3 Housing Ltd.'s (M3NHF) Schedule of Rates version 7.
9. The Contract does have Consumer Price Index that is applied annually which also recovers an annual review which is due each July.

Proposals and Analysis of Options

10. **Option 1: Allow the Contract to lapse without extending it – Not recommended**

This is not a viable option as the Council requires a supplier to deliver on our landlord obligations. Such inaction could potentially have adverse consequences by increasing the risk of legal disrepair and resulting in financial and reputational damage to the Council. As a consequence in line with Point 6 above the service seeks approval to extend the existing contract until 30 July 2027.

11. **Option 2: Re-procure for a long-term supplier via a competitive procurement process, at the initial Contract end date – Not recommended**
This option is not recommended as there is insufficient time to undertake a full procurement exercise as a competitive procurement exercise could take over eighteen months to complete. Consequently, there is not enough time for demobilisation/mobilisation which will negatively impact quality provision and would leave the Council without a permanent supplier to maintain repairs and voids in the south of the borough.
12. **Option 3: Extend the existing Contract for the remaining two years allowed under the Contract extension provision – Recommended**
This is the recommended option to ensure continuity and high standards in service provision to residents, compliance with health and safety obligations and value for money. This option would allow sufficient time for the Repairs Service to deliver its re-procurement plan.
13. Details of the Incumbent Supplier's performance against contractual Key Performance Indicators (KPIs) is included at Appendix 2.

Equality Implications

14. It is not anticipated that the approval of these proposals, as set out in the recommendations, will have a direct negative impact on any protected groups under the Equality Act 2010.
15. The existing Contract includes robust Equality, Diversity, and Inclusion (EDI) clauses that require the supplier to comply with all relevant equalities legislation and to promote inclusive practices in service delivery and employment.
16. The Council has due regard to its Public Sector Equality Duty (PSED) under Section 149 of the Equality Act 2010 and will continue to monitor the supplier's compliance with these obligations throughout the extension period.

Yvonne Okiyo, Strategic Lead for Equity, Diversity, and Inclusion (EDI), 23rd June 2025

Risk Management Implications

17. There is an organisational risk that delivery is incomplete or of a low quality due to the requirement to complete the work at speed. This risk must be accepted. It is advised however that prior to signoff and final payments that the delivery is reviewed to determine if it meets contractual obligations.
18. There is a reputational risk that residents are unhappy at treatment, disruption or that the quality of work is poor. It is recommended that engagement with residents is managed by the Incumbent Supplier throughout each engagement with no less than weekly updates on progress.

19. It is noted that the Incumbent Supplier have not yet met the agreed KPIs but are working towards this. Nevertheless, the KPIs must continue to be tracked, and a date set by which they must be met. Failure to do so should result in a re-evaluation of the engagement.

Jules Binney, Risk and Assurance Manager, 23rd June 2025

Climate and Ecological Emergency Implications

20. This extension and variation will assist the Council to improve its current thermal efficiency of its social housing properties when these receive extensive repairs or are part of a voids work programme, in line with the Retrofit Strategy's focus on embedding Retrofit works in general maintenance subject to funding being available.
21. The Incumbent Supplier has a net zero target A Net Zero Carbon Strategy and Science Based Transition Plan to be net zero by 2030 within the Incumbent Supplier's organisation. Its commercial fleet is midway transitioning to electrical vehicles across the country and will be complete by 2030.
22. The Incumbent Supplier is also a leading member of the National Home Decarbonisation Group that is actively working towards delivering sustainable energy efficient homes and are PAS accredited for retrofit.
23. the Incumbent Supplier has achieved 97.33% diverting waste from landfill and have had zero pollution incidents or environmental legislation breaches.

Meghan Kingsley-Walsh, Heat Decarbonisation Lead, 27th June 2025

People Based Considerations

24. There are no people-based considerations for this report. Current staff employed on the Contract will continue to deliver the works and services.

Local Economy and Social Value Implications

25. The original procurement exercise factored in social value within the evaluation weighting.
26. This report indicates that the supplier is committed to social value outcomes such as local employment, community engagement, and local supply chain spend which will stimulate the local economy and build shared prosperity for the local community.
27. Social value will also be applicable to the contract extension and variation, with targets proportionate to the duration of the extension and variation.
28. In line with the agreed corporate procurement approach, it is recommended that any commitments around Social Value are uploaded and monitored via Social Value Portal.

29. It is recommended that the commissioner works closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to remedies if social value commitments are not delivered.

Harry Buck, Social Value Officer (Procurement), 23rd June 2025

ICT Implications

30. This existing Contract has a full IT interface with the Council's Housing NEC Management Software system. All orders, variations, inspections and payments are processed via Housing Management software system. PPP, preliminaries and overheads are paid via the Management Software system on a 1/12th basis. The service will need to ensure there is a complete Data Privacy Impact Assessment in place for this.
31. This two-year Contract extension and variation with the Incumbent Supplier provides business continuity, however the size of the Contract and complexity indicate a need for early planning in preparation for procurement after the end of this Contract extension. Digital services and the business development team should be engaged with respect to future procurement plans to ensure there is sufficient time to review digital impacts of any move away from the current supplier.
32. The Contract contains a Data Protection policy and the Incumbent Supplier have confirmed that its staff have received Data Protection training. Any new contract should ensure these are up to date.
33. The Council's approved cyber security clauses must be incorporated into all new and renewed contracts regardless of value, or framework. Legal advice should be sought on how to incorporate the cyber security clauses into agreements which do not use our Council contract templates.

Cinar Altun, Strategy Lead – Digital Services, 19th June 2025

LIST OF APPENDICES

Exempt Appendix 1 – Extension Award Details

Exempt Appendix 2 – Overview of Current Contract Performance